

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CIAE-00 COME-00
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XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05
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FM AMEMBASSY NEW DELHI
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USMISSION GENEVA
AMEMBASSY COLOMBO

LIMITED OFFICIAL USE NEW DELHI 4377

E.O. 11652: N/A
TAJS: EGEN, EFIN, IN
SUBJECT: MULTILATERAL AFFAIRS: INDIAN VIEWS ON ECONOMIC ISSUES
AT NON-ALIGNED COORDINATING COMMITTEE MEETING.

1. EMBOFF DISCUSSED UPCOMING MEETING OF NON-ALIGNED COORDINATING
COMMITTEE (NACC) WITH MINISTRY OF EXTERNAL AFFAIRS DEPUTY SECRE-
TARY ARUNDATI GHOSH MARCH 25, 1977 WHO IS RESPONSIBLE FOR GOI
PREPARATIONS FOR CONFERENCE ON ECONOMIC SIDE.

2. MISS GHOSH SAID THAT CIEC PROSPECTS WOULD DEFINITELY BE
DISCUSSED AT THE MEETING. ASKED WHETHER GOI EFFECTED STRONG
CRITICISM OF CIEC SUCH AS SURFACED AT COLOMBO LAST YEAR, MISS
GHOSH REPLIED THAT SOME CRITICISM HAD TO BE EXPECTED. IN BI-
LATERAL CONSULTATIONS WITH OTHER NON-ALIGNED COUNTRIES, HOWEVER,
INDIA HAD ALREADY SOUGHT TO ASSURE THAT FOREIGN MINISTERS WOULD
NOT CONDEMN CIEC OR REACH CONCLUSION THAT IT HAS FAILED. THE
GOI POSITION--AND THAT OF YUGOSLAVIA, SHE SAID-- IS THAT THE NON-
ALIGNED MUST AWAIT OUTCOME OF RESUMPTION OF CIEC IN MAY BEFORE
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PASSING JUDGMENT ON DEVELOPED COUNTRIES PERFORMANCE IN NORTH/
SOUTH DIALOGUE. THE FACT THAT THE LONDON SUMMIT WOULD NOT YET
HAVE BEEN HELD MADE IT EVEN MORE UNLIKELY THAT NACC FOREIGN
MINISTERS COULD REACH CONCLUSIVE DECISION IN THIS AREA IN NEW
DELHI.

2. EMBOFF ASKED ABOUT INDIA'S VIEW OF PROPOSALS FOR NON-ALIGNED

BANK, PAYMENTS UNION, AND UNIT OF ACCOUNT, ESPECIALLY IN VIEW OF GOI'S POSITION AS ONE OF COORDINATORS FOR MONETARY AND FINANCIAL AFFAIRS. MISS GHOSH SAID MATTERS HAD BEEN CAREFULLY REVIEWED WITHIN GOI AND MINISTRY OF FINANCE HAD FOUND THAT NO NEED FOR SUCH INSTITUTIONS HAD BEEN PROVEN. GOI WOULD SEEK TO HAVE NACC ENDORSE STUDY OF PRACTICAL ASPECTS OF THESE PROPOSALS, IN PARTICULAR ACTUAL PAST EXPERIENCE WITH PAYMENTS UNIONS, E.G. ASIAN CLEARING HOUSE. IF SRI LANKA GOVT WISHED TO DO FEASIBILITY STUDY ON NON-ALIGNED BANK, GOI WOULD BE HAPPY TO HAVE THEM DO IT, BUT GOI MINISTRY OF FINANCE HAD SAID IT WOULD NOT BE ABLE TO UNDERTAKE SUCH A STUDY. MISS GHOSH SAID LEVEL OF TRADE AMONG DEVELOPING COUNTRIES WAS STILL SO LOW THAT IT WAS DOUBTFUL THAT AN ELABORATE FRAMEWORK WAS NECESSARY. RATHER INDIANS FELT THAT AS TRADE DEVELOPED, POSSIBILITY OF BANK, PAYMENTS UNION, ETC. COULD BE DISCUSSED AS NEED AROSE.

3. GOI DID NOT SEEK BANK AS A RESOURCE TRANSFER DEVICE; WITHIN NON-ALIGNED MOVEMENT THAT PURPOSE WAS TO BE SERVED BY SOLIDARITY FUND. AT BEST, BANK WOULD PROVIDE COMMERCIAL SERVICES TO FACILITATE TRADE. FURTHER STUDY MIGHT INDICATE THAT THIS FUNCTION COULD BE PERFORMED BY AGREEMENTS AMONG COMMERCIAL BANKS IN NON-ALIGNED COUNTRIES.

4. EMBOFF ASKED WHETHER THERE HAD BEEN ANY SIGNS SINCE COLOMBO THAT OPEC COUNTRIES MIGHT BE MORE INCLINED TO USE NON-ALIGNED INSTITUTIONS TO CHANNEL FINANCIAL RESOURCES TO NON-OIL LDCS. MISS GHOSH SAID THAT KUWAIT, WHICH WAS ORIGINAL SPONSOR OF SOLIDARITY FUND, HAD NOTIFIED OTHER MEMBERS THAT IN VIEW OF FAILURE TO ELICIT SUPPORT FROM OTHER POTENTIAL DONORS, PROPOSAL WOULD BE LEFT TO LIMITED OFFICIAL USE

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DORMANT. SHE COMMENTED THAT THE OPEC COUNTRIES WERE NOT ENTHUSIASTIC ABOUT THE SOLIDARITY FUND BECAUSE ITS CRITERION FOR DISBURSEMENTS WAS ECONOMIC NEED, WHEREAS OPEC COUNTRIES GAVE AID ON POLITICAL BASIS. AS FOR SPECIAL FUND FOR BUFFER STOCKING, NON-ALIGNED REPS IN GENEVA HAD ELABORATED A CHARTER LAST JANUARY. HOWEVER, THERE CONTINUES TO BE SOME DISAGREEMENTS AS TO KEY PROVISIONS. IT WAS, OF COURSE, THE WISH OF MOST COUNTRIES NOT TO DUPLICATE THE POSSIBLE UNCTAD COMMON FUND. MISS GHOSH UNDERSTOOD THAT OPEC HAD COMMITTED THEMSELVES TO THE UNCTAD COMMON FUND, WHICH SHE TOOK TO IMPLY SUPPORT FOR THE NON-ALIGNED BUFFER STOCKING FUND SHOULD THE UNCTAD NEGOTIATIONS FAIL.

5. COMMENT: IN VIEW OF MISS GHOSH'S ROLE IN PREPARING FOR MEETING, HER REMARKS ALMOST CERTAINLY REFLECT LANGUAGE OF DRAFT CONFERENCE COMMUNIQUE WHICH HAS ALREADY BEEN COMPLETED AND WILL

PROBABLY BE PRESENTED TO DELEGATES FOR APPROVAL NEXT WEEK. THE MEA'S DIRECTOR FOR UN AFFAIRS, VINAY VERMA, TOLD EMBASSY OFFICERS ON MARCH 27 THAT THE POLITICAL PAPERS FOR THE MEETING

WERE ALSO COMPLETE. VERMA ADDED, HOWEVER, THAT ALL PAPERS WOULD
BE SUBJECT TO THE REVIEW OF THE NEW MINISTER
SCHNEIDER

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